

Message Text

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TO USDEL SECRETARY PRIORITY

UNCLAS STATE 290702 TOSEC 310188

E.O. 11652: N/A

TAGS: OVIP (KISSINGER, HENRY A)

SUBJECT: PRESS REPORTS

HEREWITH TEXT OF WASHINGTON STAR ARTICLE, HEADLINED
"STATE DEPT HAMPERED MARITIME COMMISSION DEALINGS WITH
SOVIETS", FROM 11/27 EDITIONS.

THE CHAIRMAN OF THE FEDERAL MARITIME COMMISSION, WHO
FREQUENTLY DISCUSSES COMMON PROBLEMS WITH MARITIME
OFFICIALS OF OTHER NATIONS, RAN INTO UNPRECEDENTED
INTERFERENCE LAST SUMMER FROM THE STATE DEPARTMENT WHEN
HE SOUGHT TO ELIMINATE SOME DIFFICULTIES WITH THE
RUSSIANS, THE WASHINGTON STAR HAS LEARNED.

FMC CHAIRMAN KARL E. BAKKE AND TWO STAFF MEMBERS SPENT
ABOUT A WEEK IN LENINGRAD LAST JULY TRYING TO CONVINCE
THE RUSSIANS TO END RATE-CUTTING IN THE NORTH ATLANTIC
STEAMSHIP BUSINESS, A PRACTICE WHICH HAS LED TO PERIODIC
RATE WARS AND FINANCIAL INSTABILITY AMONG US STEAMSHIP
FIRMS.

BAKKE WAS ABLE TO CONCLUDE AN ARRANGEMENT UNDER WHICH
THE RUSSIAN MARITIME OFFICIALS WOULD USE THEIR GOOD
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OFFICES TO TRY TO CONVINCE SOVIET STEAMSHIP LINES TO JOIN

A "CONFERENCE" OF NORTH ATLANTIC SHIPOWNERS.

CONFERENCES ARE GROUPS OF SHIPOWNERS WHO AGREE TO CHARGE THE SAME RATES. UNDER THE ARRANGEMENT THE RUSSIANS STILL WILL CHARGE LESS THAN CONFERENCE MEMBERS -- BECAUSE THE SOVIETS GENERALLY USE OLDER VESSELS NOT WELL EQUIPPED TO HANDLE MODERN CONTAINERIZED FREIGHT -- BUT RATES WILL BE COMPARABLE TO INDEPENDENT STEAMSHIP OPERATORS.

NO SOONER HAD THE ARRANGEMENT BEEN CONCLUDED AND BAKKE'S GROUP ARRIVED IN AMSTERDAM THAN A CABLE ARRIVED FROM ACTING SECRETARY OF STATE CHARLES W ROBINSON QUESTIONING ON WHAT AUTHORITY BAKKE HAD PRESUMED TO NEGOTIATE ANYTHING WITH THE RUSSIANS.

"THE CHAIRMAN WAS PUZZLED, AND I THINK WE WERE ALL PUZZLED AS TO WHAT WAS GOING ON HERE," SAID NATHAN J BAYER, A SPECIAL COUNSEL TO BAKKE, WHO WAS WITH THE GROUP IN EUROPE. HE POINTED OUT THAT AN ITINERARY HAD BEEN FILED WITH THE STATE DEPARTMENT BEFORE THE TRIP; BAKKE HAD BRIEFED THE CHIEF OF THE US MISSION WHILE THE GROUP WAS IN RUSSIA AND AN EMBASSY OFFICIAL ATTENDED THE DISCUSSIONS.

THE MATTER WAS QUICKLY REFERRED TO THE FMC'S CHIEF LAWYER, RICHARD E HULL, WHO SENT A FOUR-PAGE LETTER TO ROBINSON IN WHICH HE SAID THE AGREEMENT TO WHICH THE TWO SIDES AGREED WAS NOT A TREATY OF ANY KIND AND DIDN'T REQUIRE THE STATE DEPARTMENT'S APPROVAL.

HE SAID THE AGREEMENT "CONSTITUTES NOTHING MORE THAN A GENERAL UNDERTAKING TO COOPERATE," A MATTER WELL WITHIN THE COMMISSION'S AUTHORITY.

HULL TOLD A REPORTER YESTERDAY THAT THE FMC STAFF COULDN'T RECALL A SIMILAR INCIDENT -- IN WHICH THE STATE DEPARTMENT INTERFERED IN FMC DISCUSSIONS WITH A FOREIGN NATION -- IN THE COMMISSION'S HISTORY.
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THE LETTER, HOWEVER, DIDN'T SATISFY THE STATE DEPARTMENT AND ON HIS RETURN BAKKE HAD SEVERAL PERSONAL DISCUSSIONS WITH STATE OFFICIALS. REPORTEDLY, THE MATTER HAS NOW BEEN RESOLVED.

ROBINSON COULDN'T BE REACHED FOR COMMENT, BUT A STATE DEPARTMENT OFFICIAL SAID THE DEPARTMENT'S CONCERN "WAS

SIMPLY THAT WE HAD NO PREVIOUS IDEA THAT AN AGREEMENT

OR UNDERSTANDING ... WAS INTENDED."

WORTHNOTING IS THAT ROBINSON, WHO IS DEPUTY SECRETARY OF STATE, CAME TO THE STATE DEPARTMENT IN 1975 WITH A LONG BACKGROUND IN A PORTION OF THE MARITIME BUSINESS. HE WAS PRESIDENT OF MARCONA CORP., A SAN FRANCISCO-BASED MINING AND SHIPPING FIRM. MARCONA OWNS SOME ORE VESSELS.

ROBINSON

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